

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5192-01  
Bill No.: SB 988  
Subject: Fees; Natural Resources Dept.; Waste - Solid  
Type: Original  
Date: March 2, 2010

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Bill Summary: Creates registration, reporting, and fee requirements for composting facilities.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Solid Waste Management Fund	\$13,000	\$13,000	\$13,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$13,000</b>	<b>\$13,000</b>	<b>\$13,000</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Agriculture, Department of Revenue and State Treasurer's Office** assume there will be no fiscal impact to their agencies.

Officials from the **Department of Natural Resources (DNR)** assume the intent of this proposal was to require composting facilities to register with the department. Political subdivision owned composting facilities would register with the department, but would not be required to pay a fee. Individuals composting their home waste materials using the compost generated for personal use and agricultural composting facilities would not be required to report or pay a fee. The department would then be responsible for maintaining the registry; reviewing submissions of supporting documentation showing currency of tax payment and a certificate of good standing; analyzing annual reports; determining facilities that fail to register and pay the required fee; and taking appropriate action with those composting facilities failing to register and pay the required fee.

The department would request one FTE (Environmental Specialist I/II/III) to assist in developing and promulgating any rules to implement provisions of the bill; establish desk procedures by which the registration and annual renewal registration would occur and be administered; develop the registration form and instructions; provide technical assistance to the public related to who needs to register and the process to be used for registration; develop and provide responses to those registered and those not allowed registration due to failure to provide all required information, failure to file an annual report, failure to show currency of tax payments, or failure to pay the correct fee; maintain the registry of composting facilities; investigate those composting facilities not completing the required registration process; and analyze data received and report out about the composting facility program.

Additionally, the department assumes there would be the costs to COA-ITSD for the programming and maintenance related to the web page(s) and the registry database required by the proposed legislation.

Compost facilities are not currently required to report or register with the department, making it difficult to quantify the exact number of entities that would be required to pay fees under the proposed legislation. For purposes of this fiscal note response, it was assumed the intent of the proposed legislation is to register and collect information from yard waste composting facilities.

During the 2008 Solid Waste Management District Assessment Inventory, 16 privately owned composting facilities were identified. The size of these facilities was not provided as part of the

ASSUMPTION (continued)

inventory. Based on the knowledge of the facilities and a conservative estimate on the remaining facilities, the Department assumed that two of the facilities would pay \$2,500 or a total of \$5,000, two of the facilities would pay \$1,000 or a total of \$2,000 and the remaining twelve facilities would pay \$500 or a total of \$6,000. The total revenue generated from fees from these types of composting facilities was estimated at \$13,000.

This proposal would require a program expansion as the Department does not currently register, maintain a registry, accept documentation, require an annual report, or collect a fee from composting facilities. (Note: Certain facilities are currently required to obtain water, solid waste, or other environmental permits based on the quantity of material, types of material, size of the facility or their potential for impact to public health or the environment.)

Additionally, the department assumes there would be the costs to COA-ITSD for the programming and maintenance related to the web page(s) and the registry database required by the proposed legislation.

Officials of the Office of Administration - Information Technology Services Division (COA-ITSD) stated that it appears there are several activities that could / would be required if this legislation were passed and the cost varies depending on the level of automation required / requested by the DNR. Assuming use of Excel, manual tracking of registrations, fees and reports, one could estimate 15 hours a week @ \$20 an hour or ~\$15,600.00.

If the DNR decided they wanted a complete enterprise application that allowed the facilities to self register, pay their fees on-line, have those fees automatically processed into SAMII, and submit their annual reports on-line, then the cost to do the analysis, design, development, testing and implementation of the application would be approximately ~\$48,000.00.

ASSUMPTION (continued)

Functionality	Manual Processing		Automated Processing	
1. The department shall maintain a registry	Excel Tracking	\$2,600.00	DB2 Database	\$10,000.00
2. accessible to the public	ASP Query	\$2,500.00	Enterprise Application	\$5,000.00
3. identify registered composting facilities by location	Paper Registration	\$2,500.00	Automated Registrations	\$5,000.00
4. registrations valid for 1 year	Manual Tracking	\$1,000.00	Automated Tracking	\$2,000.00
5. renewals valid for one year	Manual Tracking	\$1,000.00	Automated Tracking	\$2,000.00
6. fees based on size of facility	Manual Billing	\$2,000.00	Automated Billing	\$8,000.00
7. facilities file annual report	Paper Processing	\$2,000.00		\$8,000.00
a) amount of organic material received				
b) amount of compost sold				
c) record of complaints / nuisances				
8. processing of fee payments	Manual Processing	\$2,000.00	Automated Fees Processing	\$8,000.00
<b>TOTALS</b>		<b>\$15,600.00</b>		<b>\$48,000.00</b>

The department assumes for purposes of this fiscal note that while a fully-automated registry would be preferable, this proposal does not appear to generate enough revenue to pay for that level of automation. If fees came in at a rate that would support the more fully-automated registry, the department assumes upgrades would be made to registry as funding-levels allowed.

**Oversight** assumes that any potential costs arising from this proposal can be absorbed with existing resources. Therefore, Oversight assumes the initial administrative impact of this proposal is \$0.

Officials at the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's Office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal not to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's Office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also

ASSUMPTION (continued)

recognize that many such bills may be passed by the General Assembly in a give year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>SOLID WASTE MANAGEMENT FUND</b>			
<u>Revenue - Department of Natural Resources</u>			
Compost Facility Fees	<u>\$13,000</u>	<u>\$13,000</u>	<u>\$13,000</u>
<b>ESTIMATED NET EFFECT ON SOLID WASTE MANAGEMENT FUND</b>	<b><u>\$13,000</u></b>	<b><u>\$13,000</u></b>	<b><u>\$13,000</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2011 (10 Mo.)	 FY 2012	 FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Yes. This proposal could affect small businesses operating compost facilities. These entities would be required to register, provide an annual report and pay a registration fee under the proposed legislation.

### FISCAL DESCRIPTION

The Department of Natural Resources must maintain a registry of composting facilities in the state. The registry must be posted on the department's website along with certain educational information and the public must be able to use the website to identify the locations of composting facilities around the state.

Composting facilities must register with the Department. The registration is valid for one year, and then must be renewed on an annual basis as long as the facility remains in operation.

Registered composting facilities must pay an annual fee based on the size of its facility and any affiliated transfer compost facility: less than 5 acres is \$500, in between 5 and 10 acres is \$1,000, and 10 acres or more is \$2,500. Composting facilities owned or operated by political subdivisions are exempt from the fee.

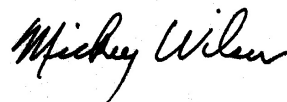
Registered composting facilities must submit an annual report to the Department documenting the amount of material collected, the amount of compost sold, and that the facility operates without creating a nuisance.

The act does not apply to agricultural composting facilities or to residential composting facilities where the resulting compost is intended for personal use only.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Department of Agriculture  
Department of Revenue  
Secretary of State's Office  
State Treasurer's Office  
Department of Natural Resources

A handwritten signature in black ink, appearing to read "Mickey Wilson". The signature is written in a cursive, flowing style.

L.R. No. 5192-01  
Bill No. SB 988  
Page 8 of 8  
March 2, 2010

Mickey Wilson, CPA  
Director  
March 2, 2010